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ZNY SSSSS ZZH
P 261733Z FEB 07
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC PRIORITY 7276
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUCNIRA/IRAN COLLECTIVE
RUEHMIL/AMCONSUL MILAN 8393
RUEHFL/AMCONSUL FLORENCE 2195
RUEHNP/AMCONSUL NAPLES 2344

S E C R E T SECTION 01 OF 02 ROME 000386

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E.O. 12958: DECL: 02/26/2021
TAGS: PREL IR IT
SUBJECT: LARIJANI VISIT TO ITALY: LOOKING FOR A DEAL?

ROME 00000386 001.2 OF 002

Classified By: POLITICAL MINISTER-COUNSELOR DAVID D. PEARCE, REASONS 1.
4 (b),(d)

Summary

¶1. (S/NF) Iranian nuclear negotiator Larijani came to Rome February 21 for meetings with PM Prodi and senior Italian officials. He reportedly told them Iran wants a deal that will not be humiliating and that recognizes its rights under the NPT. It would stop enrichment in place, the Security Council would return the matter to the IAEA framework, and the issue would be settled within three months. On Lebanon, Larijani also reportedly outlined his view of the way forward: compromise on government formula, early elections for President of the Republic, then establishment of the special Hariri tribunal. End summary.

Iranians Want a Way Out on Nuclear Issue

¶2. (S/NF) Marco Carnelos, Middle East adviser to PM Prodi, February 22 provided Pol M/C with a readout of Iranian negotiator Larijani's visit to Rome the day before. He said Prodi met with Larijani at 4 p.m., then went straight to the cabinet and from there to a meeting with President Napolitano, where he tendered his government's resignation. So meeting with the Iranians was virtually his last official act. As he left the meeting, the PM reportedly quipped, "now I have to go take care of the real nuclear issues!" Carnelos and senior diplomatic adviser Stefano Sannino continued lengthy follow-on discussions with Larijani and his delegation.

¶3. (S/NF) Carnelos said his general impression was:

-- They are looking for a way out of the nuclear impasse, but in a way that will save face. This is difficult because the issue has become zero-sum; the resolution allows no enrichment, no nuclear industry.

-- They are looking for some form of recognition of their rights under the Nonproliferation Treaty (NPT). Enrichment is being negotiated, so they don't see why they should stop if it is being negotiated.

-- Iranian negotiators are on a short leash from Tehran.

¶4. (S/NF) Carnelos said the Iranians indicated they were prepared to stop enrichment in place -- at 300 vs 3,000 gas centrifuges, provided the action was taken out of the

Security Council and returned to the IAEA. The Italian side made plain that the resolution was clear about stopping all enrichment; keeping 300 would not be possible. Larijani reportedly asked what the concern was. That they would master the technology? Too late, they already had. IAEA SYG Baradei knows this. So what were they supposed to do? Get amnesia? They could stay at 5 percent enrichment, and go no further. That could be monitored by the IAEA. The Larijani package was: stop enrichment in place, stop at the Security Council, return to the IAEA framework, and the matter could be settled within three months.

Al-Qaida is the Real Enemy; Need to Work Together

¶15. (S/NF) But, the diplomatic adviser said, Iran made clear it seeks not only recognition of its rights under the NPT, but of its regional status. Carnelos said the Italians told Larijani there was a problem of trust. President Ahmadinejad's declarations had created fears that Iran would develop a bomb that could be used against Israel.

¶16. (S/NF) Larijani said Iran did not need the bomb. It was strong enough, and had enough other instruments and tools at its disposal. Its religion prohibited such an action (as using the bomb against Israel). Plus, "we Shia" are more rational than the Sunnis. Iran is a democracy; just compare it to the other states of the Gulf. The Iranians can be divided precisely because they are a democracy. Ahmadinejad can say what he wants (Carnelos said Larijani was quite dismissive on this point), but the Supreme Leader is the one who makes the decisions. There is one sure way to end all divisions in the Iranian leadership and unify the Iranian people -- "put us in a corner over the nuclear issue".

¶17. (S/NF) If we were "so stupid" as to use the bomb against Israel, Larijani reportedly added, we would also kill

ROME 00000386 002.2 OF 002

millions of Palestinians and Lebanese. Furthermore, if Iran got the bomb, Pakistan would then give it to other Sunni states. At that point, he said, there would be a huge risk that al-Qaida would get it. And al-Qaida would use it "first against us, then against you." They are our common enemy.

¶18. (S/NF) Carnelos said Larijani's message was that they were looking for a deal, but it was important to understand the Iranians were proud people and don't want to be humiliated. They have shown that they can produce results -- as when they helped the U.S. in 2001 on Afghanistan. And the recognition they got for this was the Axis of Evil label. Afghanistan is now a mess. The Taliban are preparing a spring offensive. They are our common enemy and we should fight them together.

Lebanon: Govt Accord, Early Presidential Vote, Tribunal

¶19. (S/NF) On Lebanon, Carnelos said, Larijani made no effort to hide Iran's leverage with Hizballah. On the contrary. He left the impression that it could do whatever it wanted with them. Lebanon faced an institutional crisis, but Larijani believed a compromise over the government could be found. The Iranian official launched into a recitation of complicated formulas that Carnelos didn't follow entirely, but which made plain that Larijani was familiar with the Lebanese government crisis in excruciating detail.

¶10. (S/NF) The biggest problem, according to Larijani, is the special tribunal (on the assassination of former PM Rafiq Hariri). Carnelos said the Iranian negotiator felt content was less at issue than timing, i.e. when the tribunal would be established. The Iranian roadmap appeared to be: government compromise, early elections for President of the

Republic, and then establishment of the tribunal. The Italian diplomatic adviser commented at this point that he found it quite striking that Larijani made no mention at all of Syria. But he did appear to have high confidence in the possibilities for a deal in Lebanon, and that Iran had Hizballah under control.

¶11. (S/NF) Carnelos asked Larijani about the release of the Israeli prisoners held by Hizballah. Larijani said this, too, would come in the context of the roadmap he had laid out above, with Shebaa Farms passing to UN control. Pol M/C asked if there had been mention of a prisoner swap, and Carnelos said no. He noted that PM Prodi had promised Israeli PM Olmert to always raise the issue of the Israeli prisoners when he spoke with the Iranians, and he always did.

¶12. (S/NF) The Italian official said Larijani's body language was very confident. He was the perfect poker player, no emotion and very professional. Pol M/C asked Carnelos why he thought Larijani would take the time and make the effort to lay all this out for Italy. Carnelos responded that the Iranians seem to have special confidence in Prodi, evidently because they remember that he was the first European prime minister to visit to Iran in 1998, when the regime was still out in the diplomatic cold.

Comment

¶13. (S/NF) We caught up with Carnelos right after the government had resigned. His colleague, Sannino, had been slated to attend a meeting in Germany of national security advisers with NSA Hadley later in the week, but canceled because of the government crisis. The follow-on talks of Carnelos and Sannino, after the Prodi meeting, took place at the Iranian Embassy and lasted three hours. Carnelos found it hugely amusing that the Iranians were displaying such confidence in Prodi on the very day that his own Parliament wasn't.

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